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RECEIVED
DEPT. OF
EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan
JUL 20 2004
7/16
GENERAL PURPOSE FINANCIAL STATEMENTS
LOCAL AUDIT & FINANCE DIV.
Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Edwardsburg Ambulance Service	County Cass
Audit Date March 31, 2004	Opinion Date June 24, 2004	Date Accountant Report Submitted to State: June 24, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- RECEIVED
DEPT. OF TREASURY
JUL 20 2004
LOCAL AUDIT & FINANCE DIV.
- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

June 24, 2004

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

We have audited the accompanying general purpose financial statements of the Edwardsburg Ambulance Service, Cass County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ambulance Service's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Edwardsburg Ambulance Service, Cass County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS EXHIBIT A
March 31, 2004

	<u>Governmental Fund Type</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in bank	58 973 05	-	58 973 05
Taxes receivable	9 105 92	-	9 105 92
Accounts receivable	16 041 19	-	16 041 19
Due from other units	132 399 60	-	132 399 60
Equipment	-	238 668 64	238 668 64
Total Assets	<u>216 519 76</u>	<u>238 668 64</u>	<u>455 188 40</u>
<u>Liabilities and Fund Equity</u>			
Liabilities	-	-	-
Fund equity:			
Investments in general fixed assets	-	238 668 64	238 668 64
Fund balances:			
Unreserved	<u>216 519 76</u>	-	<u>216 519 76</u>
Total fund equity	<u>216 519 76</u>	<u>238 668 64</u>	<u>455 188 40</u>
Total Liabilities and Fund Equity	<u>216 519 76</u>	<u>238 668 64</u>	<u>455 188 40</u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B

Year Ended March 31, 2004

Governmental
Fund Type

General

Revenues:	
Charges for services – Ontwa Township	141 876 41
Charges for services – other	109 009 27
Interest	527 68
Miscellaneous	<u>13 203 60</u>
Total revenues	<u>264 616 96</u>
Expenditures:	
Public safety:	
Ambulance:	
Wages:	
Administrator	5 199 96
Bookkeeper	4 500 00
EMT's	145 822 15
Pension	400 00
Payroll taxes	11 890 69
Billing fees	3 664 04
Supplies	9 908 96
Vehicle maintenance	4 099 30
Utilities	2 873 52
Professional fees	3 195 23
Insurance	16 022 97
Office repairs	628 39
Education	2 036 00
Miscellaneous	275 00
Contracted services	15 837 81
Capital outlay	<u>1 077 76</u>
Total expenditures	<u>227 431 78</u>
Excess of revenues over expenditures	37 185 18
Fund balance, April 1	<u>179 334 58</u>
Fund Balance, March 31	<u><u>216 519 76</u></u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND EXHIBIT C
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Charges for services – Ontwa Township	135 411 87	141 876 41	6 464 54
Charges for services - other	95 000 00	109 009 27	14 009 27
Interest	1 000 00	527 68	(472 32)
Miscellaneous	<u>13 000 00</u>	<u>13 203 60</u>	<u>203 60</u>
Total revenues	<u>244 411 87</u>	<u>264 616 96</u>	<u>20 205 09</u>
Expenditures:			
Public safety:			
Ambulance:			
Wages:			
Administrator	5 200 00	5 199 96	(04)
Bookkeeper	4 500 00	4 500 00	-
EMT's	149 600 00	145 822 15	(3 777 85)
Pension	600 00	400 00	(200 00)
Payroll taxes	14 000 00	11 890 69	(2 109 31)
Billing fees	7 000 00	3 664 04	(3 335 96)
Supplies	11 500 00	9 908 96	(1 591 04)
Vehicle maintenance	7 000 00	4 099 30	(2 900 70)
Utilities	3 500 00	2 873 52	(626 48)
Professional fees	3 900 00	3 195 23	(704 77)
Insurance	19 000 00	16 022 97	(2 977 03)
Office repairs	700 00	628 39	(71 61)
Education	3 500 00	2 036 00	(1 464 00)
Miscellaneous	6 147 00	275 00	(5 872 00)
Contracted services	15 900 00	15 837 81	(62 19)
Capital outlay	<u>5 000 00</u>	<u>1 077 76</u>	<u>(3 922 24)</u>
Total expenditures	<u>257 047 00</u>	<u>227 431 78</u>	<u>(29 615 22)</u>
Excess (deficiency) of revenues over expenditures	(12 635 13)	37 185 18	49 820 31
Fund balance, April 1	<u>22 635 13</u>	<u>179 334 58</u>	<u>156 699 45</u>
Fund Balance, March 31	<u>10 000 00</u>	<u>216 519 76</u>	<u>206 519 76</u>

The accompanying notes are an integral part of these financial statements.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Edwardsburg Ambulance Service, Edwardsburg, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Ambulance Service contain all the Ambulance Service funds and account groups that are controlled by or dependent on the Ambulance Service's executive or legislative branches.

The reporting entity is the Edwardsburg Ambulance Service. The Ambulance Service is governed by an elected Ambulance Board. As required by generally accepted accounting principles, these financial statements present the Ambulance Service as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, intergovernmental revenues and charges for services.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Fixed Assets

Purchases of general fixed assets are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Group of Accounts. No depreciation has been provided on the general fixed assets.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Ambulance Service. Allowances for uncollectible accounts have been provided.

Inventories

Inventories of supplies are considered immaterial and are not recorded.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Ambulance Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Ambulance Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Ambulance Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Ambulance Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Postemployment Benefits

The Ambulance Service provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Ambulance Service to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Ambulance Board has designated one bank for the deposit of Ambulance funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Ambulance Service's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>58 973 05</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	60 156 23
Uninsured and Uncollateralized	<u>-</u>
Total Deposits	<u>60 156 23</u>

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Edwardsburg Ambulance Service did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

The following is a summary of changes in general fixed assets:

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Ambulance and equipment	196 831 62	-	-	196 831 62
Medical equipment	28 648 17	-	-	28 648 17
Office equipment	12 388 80	1 077 76	277 71	13 188 85
Totals	<u>237 868 59</u>	<u>1 077 76</u>	<u>277 71</u>	<u>238 668 64</u>

Note 4 – Deferred Compensation Plan

The Ambulance Service does not have a deferred compensation plan.

Note 5 – Pension Plan

The Ambulance Service has a defined contribution pension plan for its employees. Eligibility is based on length of service. The plan requires participant contributions. For the fiscal year ended March 31, 2004, the employer contribution was \$400.00.

Note 6 – Postemployment Benefits

The Ambulance Service provides no postemployment benefits to past employees.

Note 7 – Risk Management

The Ambulance Service is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Ambulance Service has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

EDWARDSBURG AMBULANCE SERVICE
Cass County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 8 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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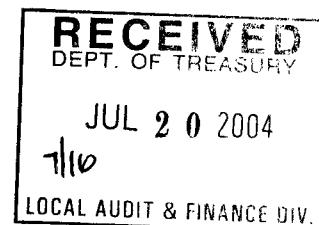
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 24, 2004

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan



We have audited the financial statements of the Edwardsburg Ambulance Service, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Edwardsburg Ambulance Service in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Ambulance Board
Edwardsburg Ambulance Service
Cass County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Edwardsburg Ambulance Service will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Ambulance Service will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Ambulance Service's financial statements and this communication of these matters does not affect our report on the Ambulance Service's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants